GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2692
ANSWERED ON:16.03.2007
LOAN TO SMALL SCALE INDUSTRIES
Vijay Krishna Shri

Will the Minister of FINANCE be pleased to state:

(a) whether Small Scale Industries (SSIs) find it difficult to get loans from Government financial institutions;

(b) if so, the details thereof;

(c) the extent of loan provided to the SSIs by the Government financial institutions during each of the last two years; and

(d) the steps taken/ being taken by the Government to ensure easy provision of loans to the SSIs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): No, Sir.

(b): Does not arise.

(c) : The amount of outstanding loans provided by Public Sector Banks to Small Scale Industries during ths years ending March, 2005 and March, 2006 are Rs.67,800 and Rs.82,492 crores, respectively.

(d) : Besides the Government`s `Policy Package on Stepping up credit to Small and Medium Enterprises (SMEs) sector` envisaging 20% year on year growth in credit to SMEs, Reserve Bank of India (RBI) has fonnulated a scheme to encourage banks to establish mechanisms for better co-ordination between their branches and branches of Small Industries Development Bank of India (SIDBI) which are located in clusters identified by the Ministry of Small Scale industries for co-financing of SMEs on mutually agreeable operational modalities. Modification in Credit Linked Capital Subsidy Scheme for upgradation of SSI sector, introduction of Credit Rating Scheme by National Small Industries Corporation and setting up SME Rating Agency by SIDBI are some other measures taken by the Govt. and RBI to increase the credit flow to SME sector. Further, Micro, Small and Medium Enterprises Development Act, 2006 has been enacted to cater to the needs o` SME sector.